



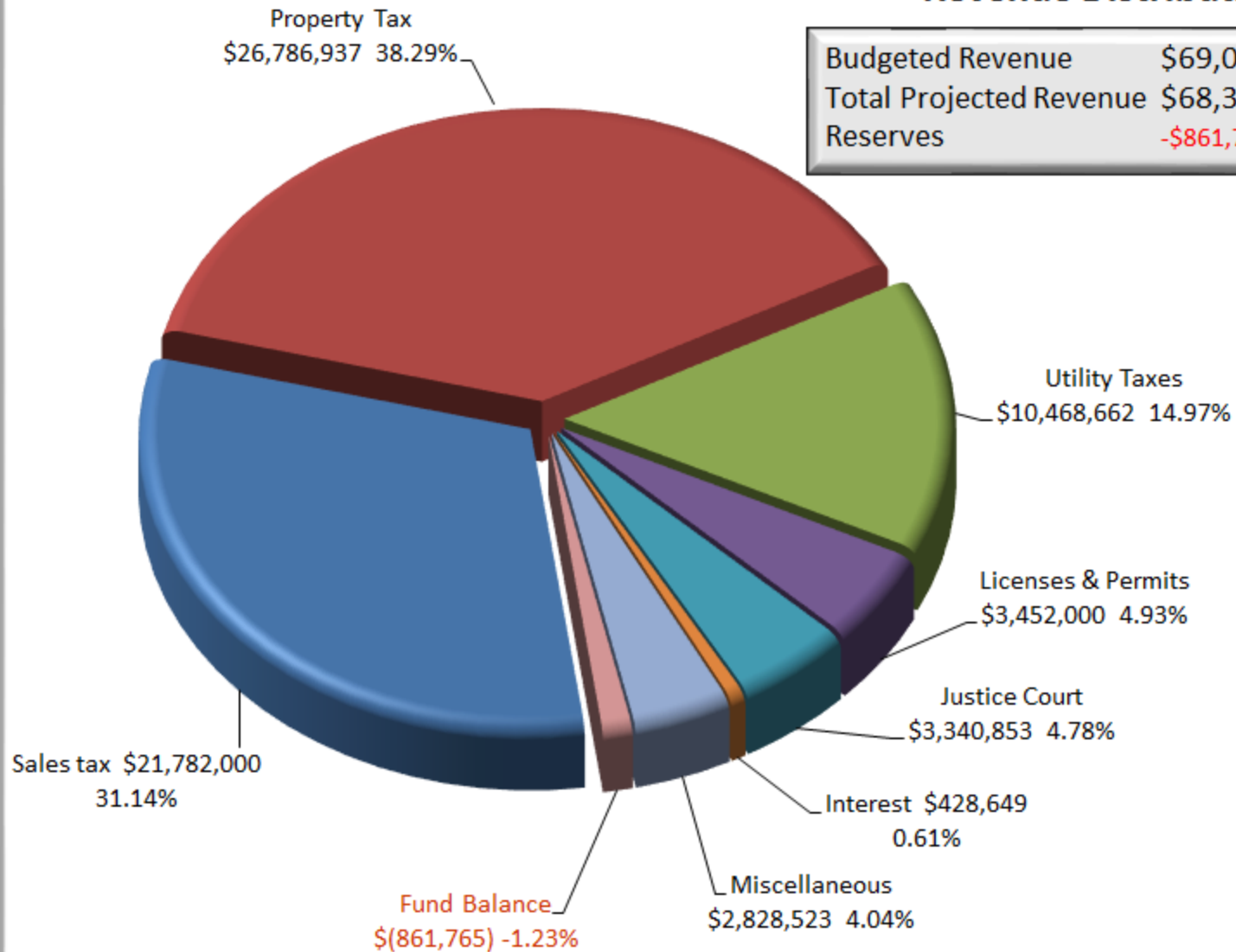
West Valley City Strategic Planning Retreat Budget Presentation Fiscal Year 2016

FOMC: Steady Helm Despite Some Choppy Waters

In the face of “nearly balanced risks,” the helm at the FOMC keeps a steady course waiting for new weather signals. Future indications from the labor market, inflation and global growth will provide the signals.

Projected FY 2015 Revenue Distribution

Budgeted Revenue	\$69,087,624
Total Projected Revenue	\$68,398,834
Reserves	-\$861,765

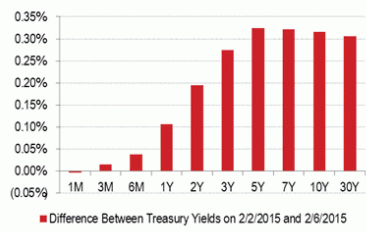


Data Sources:

Interest Rate Risk Management Weekly Update

Current Rate Environment			
Short Term Rates	Friday	Prior Week	Change
1 Month LIBOR	0.17%	0.17%	0.00%
3 Month LIBOR	0.26%	0.25%	0.01%
Fed Funds	0.25%	0.25%	0.00%
Fed Discount	0.75%	0.75%	0.00%
Prime	3.25%	3.25%	0.00%
US Treasury Yields			
2 year Treasury	0.65%	0.45%	0.20%
5 year Treasury	1.48%	1.16%	0.32%
10 year Treasury	1.96%	1.64%	0.32%
Swaps vs. 3M LIBOR			
2 year	0.95%	0.74%	0.21%
5 year	1.70%	1.38%	0.32%
10 year	2.15%	1.84%	0.31%

Treasury Yields Move Higher on Positive Jobs Data



Group Head	Cleveland, OH	Dakota	Illinois	Indiana	Michigan	Minnesota	Missouri	Nebraska	Nevada	New Hampshire	New Jersey	New York	North Carolina	Ohio	Oklahoma	Oregon	Pennsylvania	Rhode Island	Texas	Utah	Vermont	Virginia	Washington	West Virginia	Wisconsin	Wyoming
Group Head	David Bowen	Mary Coe	Dusko Djukic	Sam Donzelli	Anand Gomes	Frank Kuratuz	Greg Dawil	Will Spink	Ramona Berce	Linda Maraldo	Maureen	216-689-4071	216-689-4071	216-689-4071	216-689-4071	216-689-4071	216-689-4071	216-689-4071	216-689-4071	216-689-4071	216-689-4071	216-689-4071	216-689-4071	216-689-4071	216-689-4071	216-689-4071

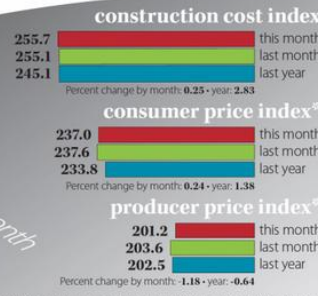
“Economic Activity Will Expand at a Moderate Pace”

Municipal Cost Index

December 2014



municipal cost index



The consumer and producer price indexes are published monthly by the U.S. Department of Labor's Bureau of Labor Statistics. The PPI figure used is the number for all commodities. The PPI and CPI figures are from November 2014. The construction cost index is from December 2014. The municipal cost index incorporates those three indexes.

February 9, 2015

Fed Speak & Economic News:

The labor report for January, released on Friday, showed that the US economy is in full swing. Nonfarm payrolls rose by 257,000 jobs, beating consensus that called for a 230,000 gain. Even more exciting was that revisions to both December's and November's figures accounted for a net gain of 147,000. With that, the US economy has created more than 1,000,000 additional jobs in the last three months, which is the strongest pace of growth since 1997. The unemployment rate ticked slightly higher, but not because the amount of available jobs decreased, but because the size of the labor force increased. There was also inspiring news on wage gains: Hourly pay in the private sector climbed higher by \$0.12 to \$24.75 in January and has edged higher by 2.2 percent over the past year. In light of the news, Treasury yields spiked by as many as 17 basis points, with the largest movement occurring in the belly of the curve, as market participants adjusted their timelines for interest rate normalization.

The fact that consumer prices have increased a little less than one percent over the last 12 months – partially due to the unexpected fall in energy prices – suggests that workers' real hourly earnings are likely to accelerate, which is an encouraging sign for the Fed; however, missing signs of inflation are discouraging (e.g., consumer price inflation, as measured by the core PCE deflator, slowed to a 1.4 percent rate). But even still, the heavy jobs report will further twist the Fed's arm to consider hiking short-term interest rates sooner rather than later. The question is: how long can Federal Reserve officials let the job market heat up before raising short-term interest rates? History tells us that inflation slowly creeps higher, so the chance that the Fed will overshoot its target is small, however, if the central bank were to tighten policy too soon, and possibly slow inflation even further, the result could be disastrous. The current growth climate, involving a stronger dollar and weaker energy prices, makes the appropriate policy even more difficult to determine. If officials raise rates now, the US dollar will only get stronger, hampering economic growth. This is alarming given that US assets are considered to be safe havens, and given the current situation in the euro zone, a flight to quality would make the US dollar even stronger. In short, it is likely that the Fed remains on its path to raise short-term interest rates soon, but we are still missing inflation, the necessary ingredient, and also, the central bank has to worry about the global economic environment as well.

The Week Ahead

- This week will likely be a little quieter than the past couple of weeks. There will be a handful of economic releases out of the United States, Japan, China, the euro zone, and the UK.
- China will release January trade data on Monday, consumer and producer inflation figures on Tuesday, and loan data on Wednesday. Investors will try to determine the impact that lower energy prices have had on inflation.
- German consumer prices for January and aggregate euro zone industrial production will be released on Thursday and then on Friday, fourth-quarter GDP revisions for Germany and France will be released.

Date	Indicator	For	Forecast	Last
10-Feb	Wholesale Inventories MoM	Dec	0.2%	0.8%
11-Feb	MBA Mortgage Applications	6-Feb	-	1.3%
12-Feb	Retail Sales Advance MoM	Jan	(0.9%)	(0.9%)
13-Feb	U. of Mich. Sentiment	Feb P	98.1	98.1

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NFIB Small Business Optimism Falls in January

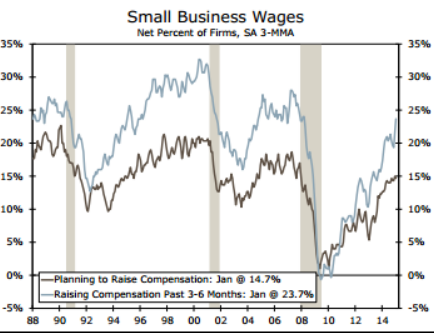
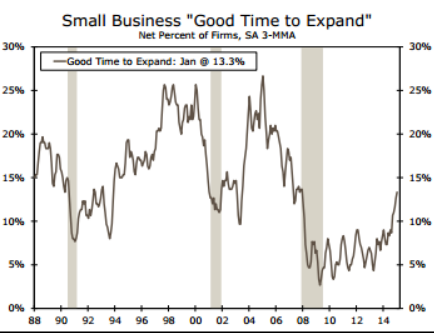
The Small Business Optimism Index fell unexpectedly to 97.9 in January, down 2.5 points. The underlying components, however, are pointing to continued improvement in the labor market.

Expectations Lead the Decline

- Although the decline in January gave back all of December's gains, the biggest decline was seen in expectations for a better economy, down 12 points to a net 0 percent. This is a volatile series and does not necessarily reflect current activity, but should be monitored to see if reduced optimism spills over into plans to expand. A net 13 percent of firms reported now is a good time to expand, down slightly from December's high.

Continued Improvement in Labor Market

- A net 14 percent of firms reported plans to hire in the next three months. Although this number is down slightly from December's post-recession high of 15 percent, it is still relatively strong and indicative of positive momentum in the labor market.
- A solid net 25 percent of firms reported higher compensation in January. Although the percent of firms planning to increase compensation softened, it is still fairly strong at a net 12 percent.



Source: National Federation of Independent Businesses and Wells Fargo Securities, LLC

CONSUMER CONFIDENCE

The Zions Bank Utah Consumer Attitude Index decreased 7.5 points to 109.3 in December. The U.S. Consumer Confidence Index increased 1.6 points to 92.6 in the same period.

INFLATION

The Zions Bank Utah Consumer Price Index decreased 0.2% from October to November for a trailing 12-month inflation of 0.5%. In the same period, the U.S. CPI decreased 0.5% for a trailing 12-month inflation of 1.3%.

HOUSING MARKET

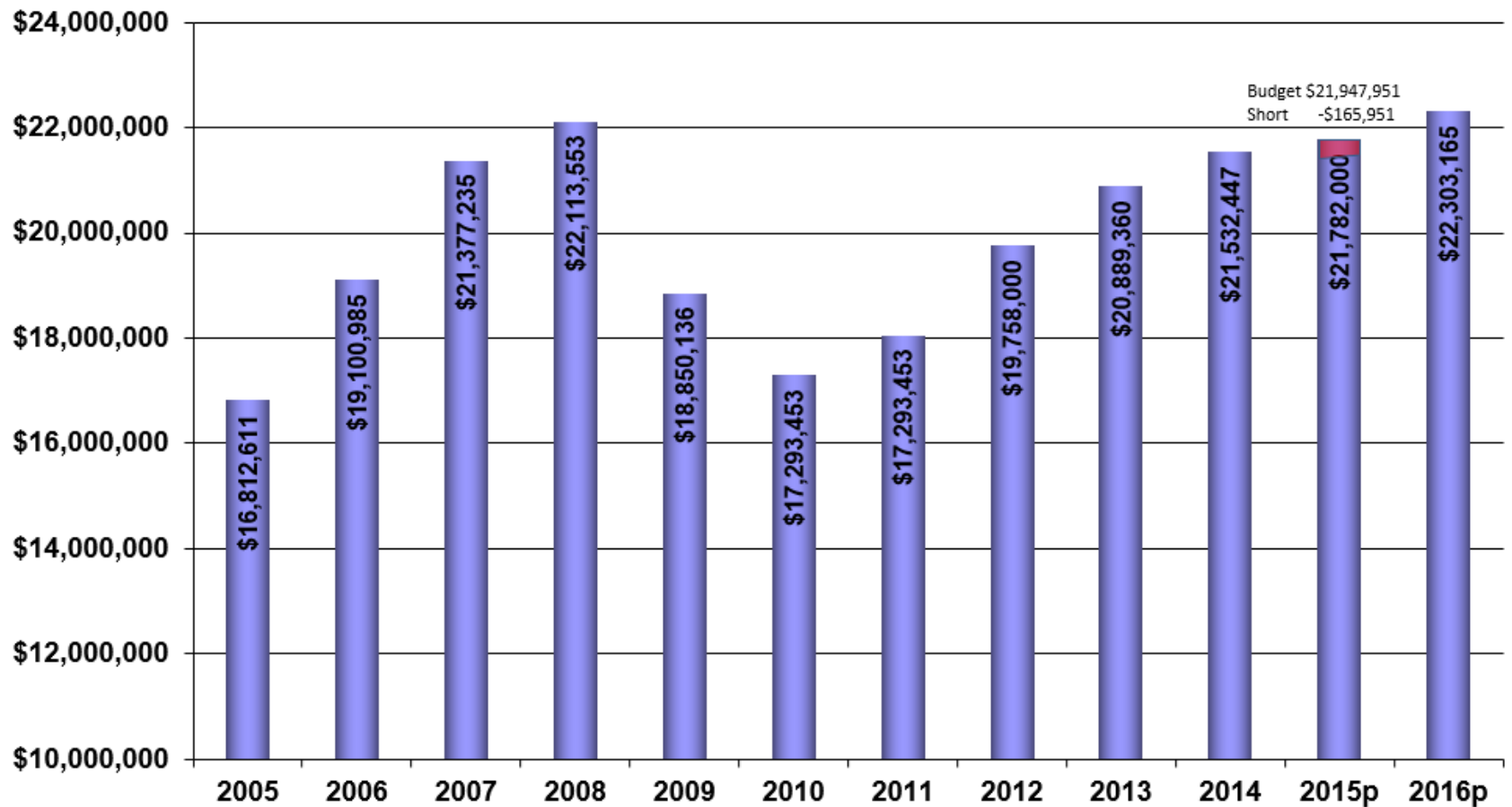
In November, the CoreLogic® Home Price Index (HPI) for Utah, which measures home price appreciation, experienced a 5.0% year-over-year increase. Nationally, the HPI increased 5.5% during the same period.

JOB REPORT

Utah's unemployment rate remained at 3.6% in November, while the national unemployment rate also held steady at 5.8% in November.

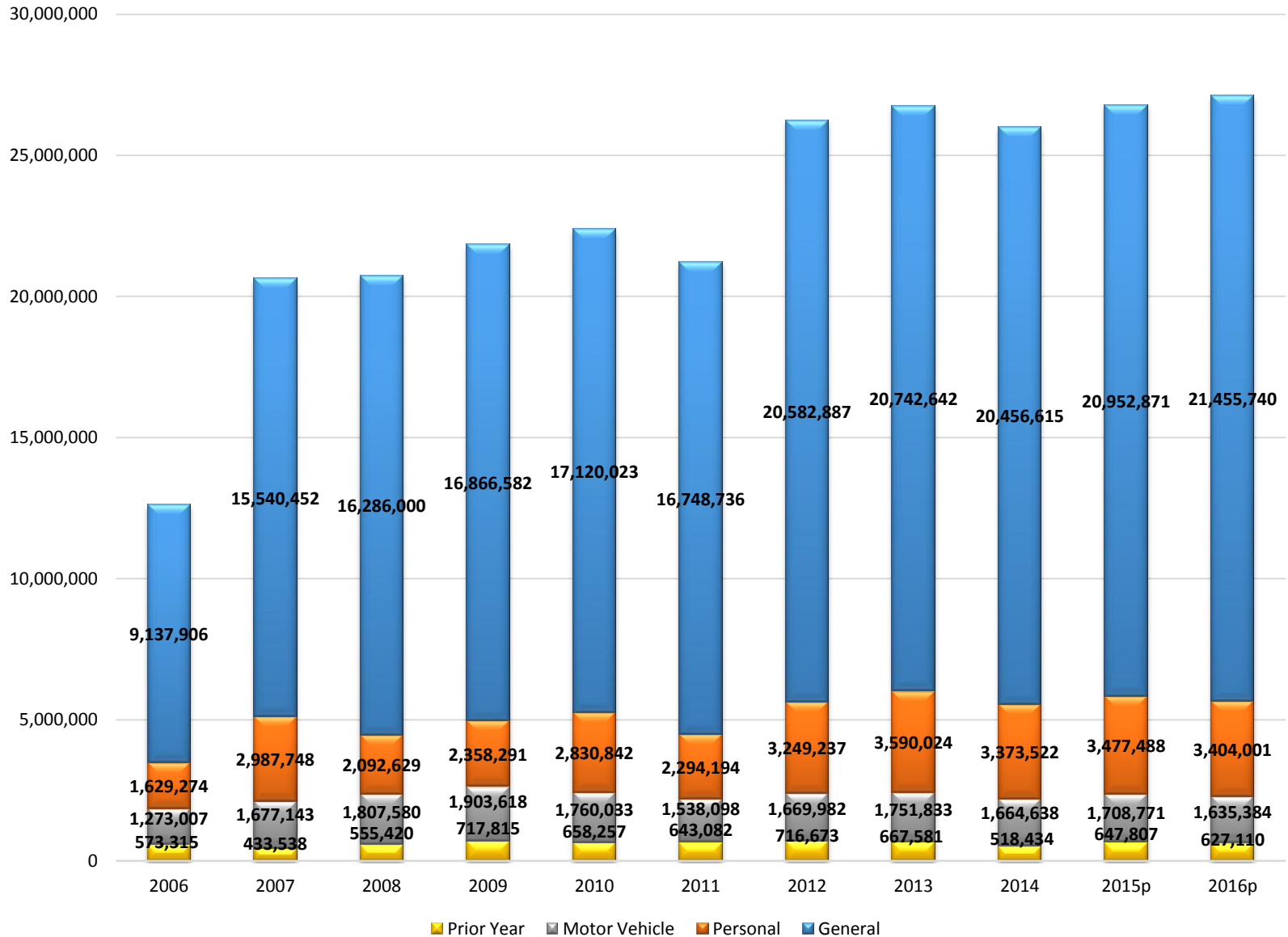
Sales Tax

Annual Sales Tax Collections



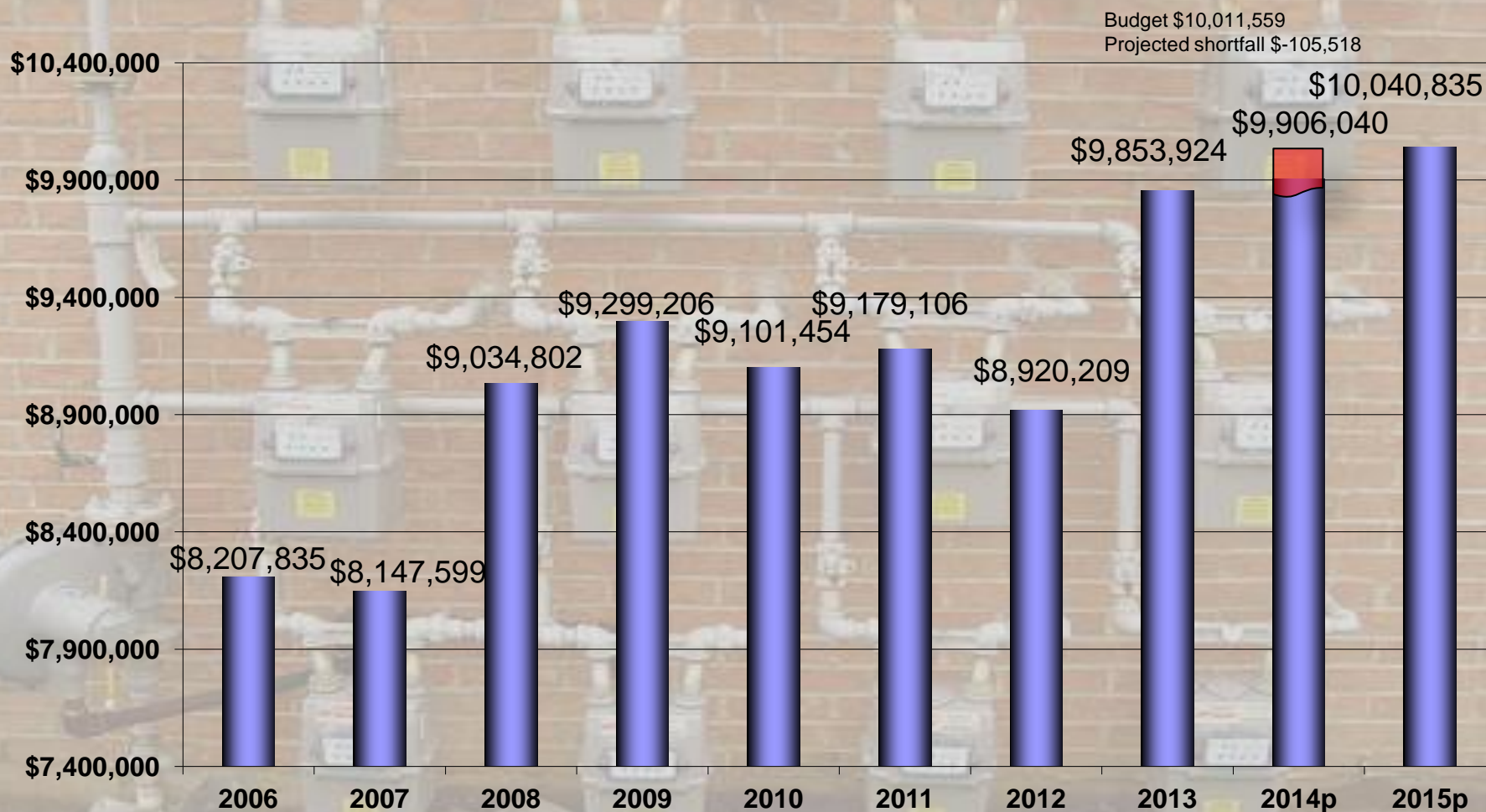
WVC PROPERTY TAX SOURCES

Current taxable value in WVC is \$5,335,631,473

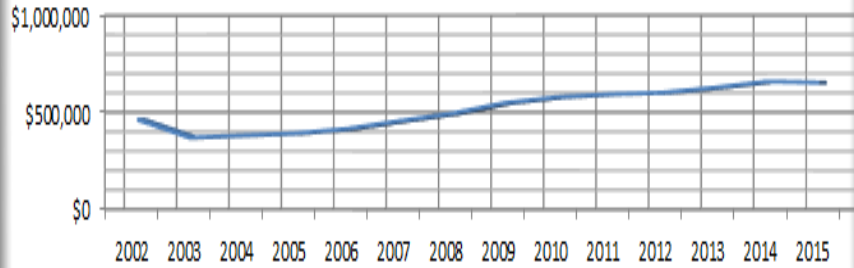




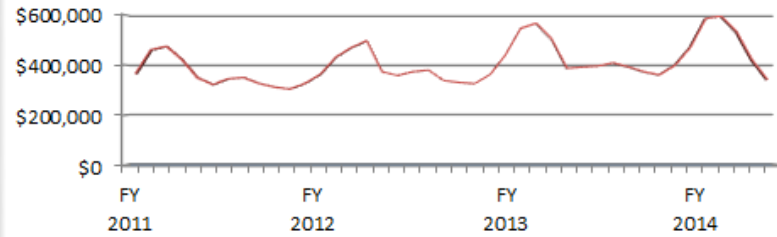
Utility Taxes



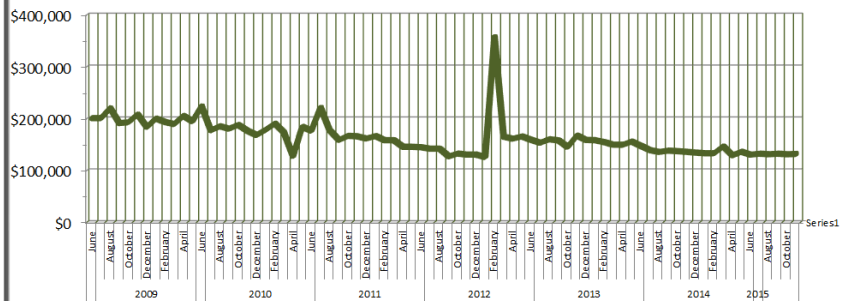
Cable TV



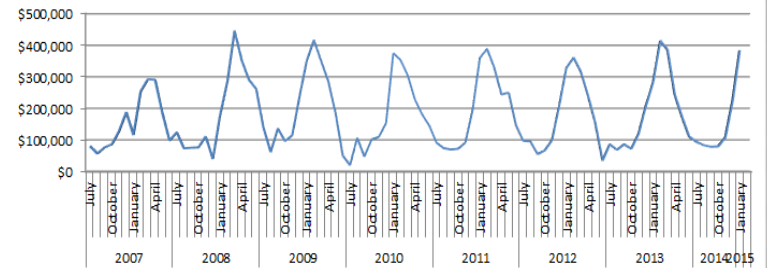
Electricity Tax



Monthly Telephone Tax



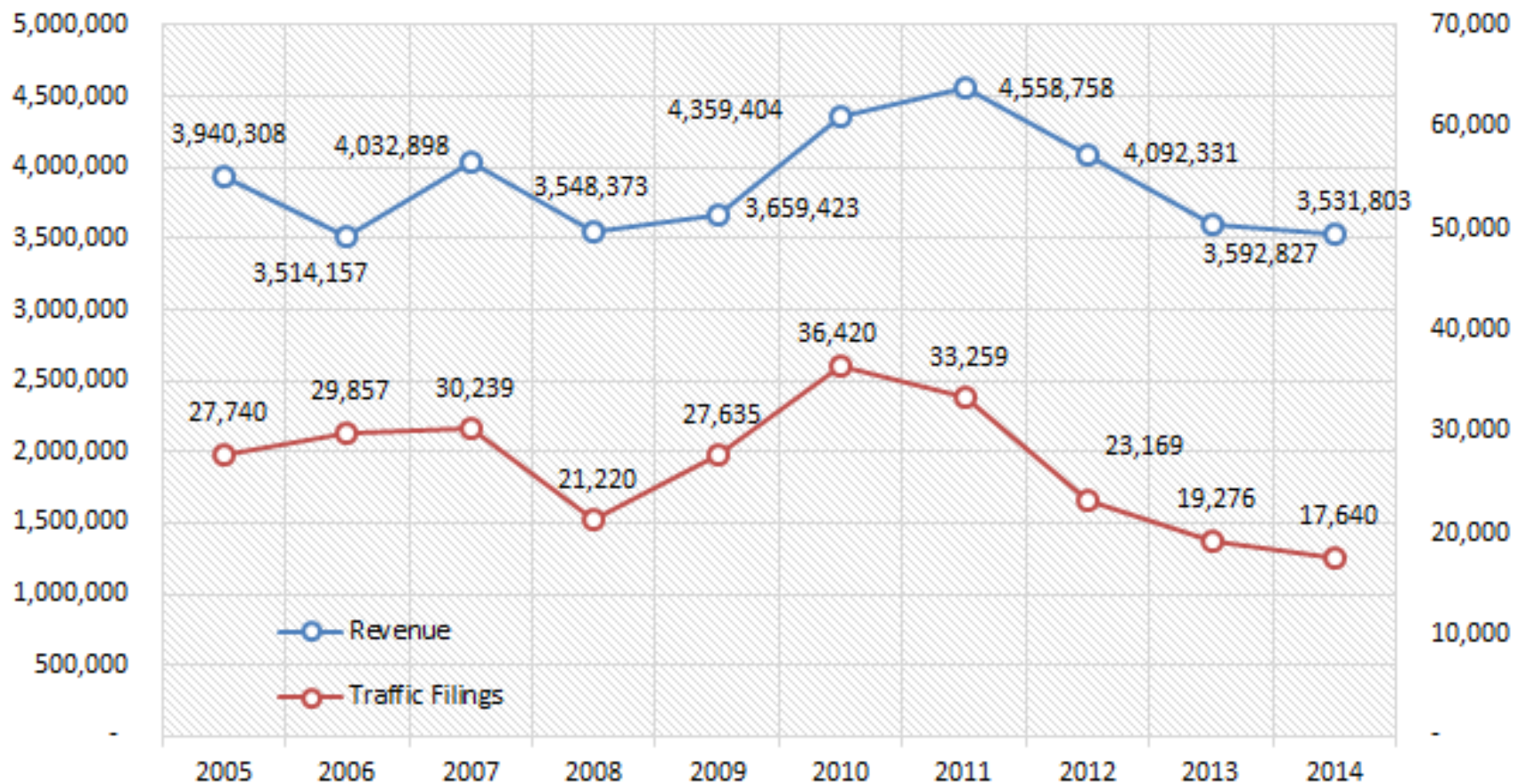
Natural Gas



Justice Court

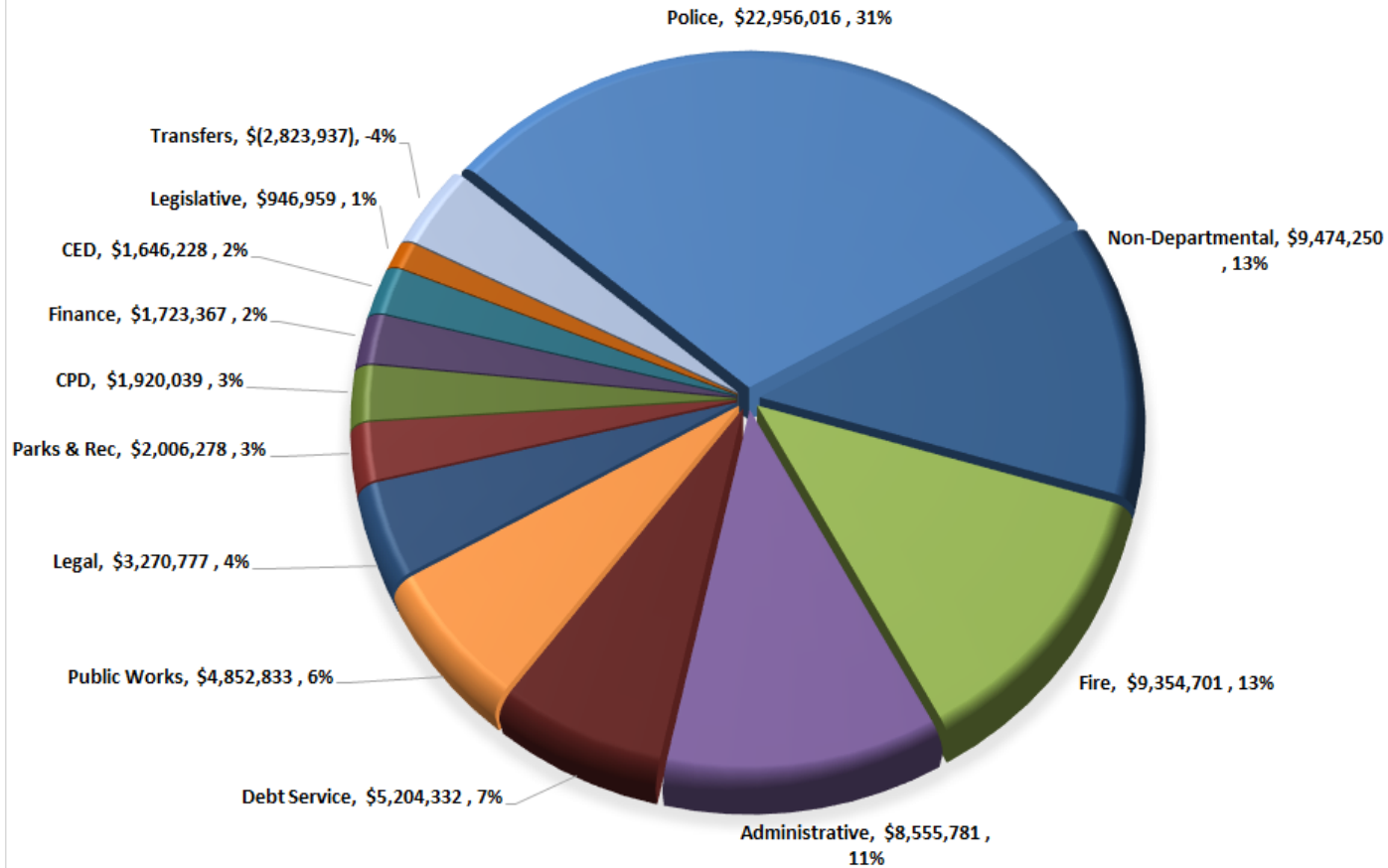
Revenue

Traffic Filings



PROJECTED FY 2015 EXPENSE DISTRIBUTION

Projected Expenses \$69,087,624



- Questions?
- Discussion

